



**United States Department of Agriculture  
Rural Development**  
Montana State Office

December 1, 2005

**MT AN No. 253  
(3550 & 1980-D)**

**TO:** All Housing and Area Office Staff  
USDA, Rural Development, Montana

**SUBJECT:** Cistern Water Systems

**PURPOSE/INTENDED OUTCOME:**

This Administrative Notice (AN) provides direction for Area Office staff and State Office staff in handling applications to purchase single family homes that utilize a cistern water system.

**COMPARISON WITH PREVIOUS AN:**

There has not been a MT AN previously issued on this topic.

**BACKGROUND**

It is the policy in Montana that properties utilizing a cistern water system do not qualify for financing under either the 502 Direct Loan or Guaranteed Rural Housing programs. RD Instruction 1924-C §1924.107 (a)(1) Single Family Housing states “If sites have individual water or sewer systems, they must meet the requirements of the state department of health or other comparable reviewing and regulatory authority and the minimum requirements of exhibit B, paragraphs V and VI of this subpart.” In Montana, the regulatory oversight for water systems vary depending upon the situation. Briefly, parcels of land that are less than 20 acres need to be reviewed to determine if they are part of a subdivision. If they are, a state document held by the State Department of Environmental Quality will specify the water system type required for that parcel. In that case, there is a design circular recommending specifications for a cistern. However, there are no regulations governing specifications, design and installation requirements. Therefore, there is no oversight agency. If the parcel does not have a state document filed and is not part of a subdivision, there are no regulations, permits or oversight for these systems.

**EXPIRATION DATE:**

December 1, 2006

**FILING INSTRUCTIONS:**

Preceding MT 1980-D & HB1-3550

P.O. Box 850 • Bozeman, MT 59771  
Voice (406) 585-2580 • Fax (406) 585-2565 • TDD (406) 585-2562

*Committed to the future of rural communities*

“USDA is an equal opportunity provider, employer and lender.”  
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W.,  
Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202) 720-6382 (TDD).

RD Instruction 1924-C Exhibit B (V)(c) states “Water that requires continual or repetitive treatment to be safe bacterially is not acceptable.”

FHA property standards (which is the threshold for most programs and compliance requirements are identified on the appraisal forms – Value Conditions) address cisterns in HUD’s Valuation Analysis for Single Family One to Four Unit Dwellings, section 4150.2, 3-6(5)(b) states “Unacceptable Conditions. The following water well conditions are unacceptable and must be noted in VC-4: Properties served by springs, lakes, rivers or cisterns.”

A cistern by definition is “A tank used for storing rain water for use in areas where there is no water brought to the property by plumbing.”

### **IMPLEMENTATION RESPONSIBILITIES:**

Applications to purchase properties whereby the water system is identified as a cistern do not qualify for RD SFH loan or grant programs. Cistern systems do not meet the minimum thresholds as safe, sanitary, continual, or adequate water systems. These applications should be declined for property eligibility.

Questions pursuant to this AN can be directed to Jim Raznoff, Architect or Deborah Chorlton, Housing Program Director.

W.T. (Tim) RYAN  
State Director